

MBARARA UGANDA

Project Title:

Project No.

Funded By: Katholische Zentralstelle für Entwicklungshilfe e. V. (KZE); and Bischöfliches Hilfswerk Misereor e.V. (MISEREOR)

**Semi-Annual Reports and Financial Statements
For the Six Months:
1st March, 2017 – 31st August, 2017**

Issued: September, 2017

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Abbreviations Used

€	-	Euro (the currency of the European Union)
CTI	-	Counsellor Training Institute
KZE	-	K atholische Z entralstelle für E ntwicklungshilfe e. V.
LST	-	Local S ervice T ax
MISEREOR	-	B ischöfliches H ilfswerk Misereor e.V
PAYE	-	P ay A s Y ou E arn
U Shs	-	U ganda S hilling (the currency of Uganda)
USD	-	U nited S tates D ollars

Background Information

Background Information on the Project Implementation Partner	
Reporting Entity/(Implementing Partner):	
Physical and Postal address of the Implementing Partner:	
Vision, Philosophy, Goal Mission and Objectives of the Implementing Partner:	<p>Mission Statement</p> <p>Vision</p>
Funding Partner:	Katholische Zentralstelle für Entwicklungshilfe e. V. (KZE); and Bischöfliches Hilfswerk Misereor e.V. (MISEREOR)
Project Name:	
Project Number:	
Project Duration:	Three Years from: 1 st March, 2017
Reporting Period:	Six Months: 1 st March, 2017 to 31 st August, 2017
Programme	Overall Goal:

Background Information on the Project Implementation Partner

<p>Goal/Objectives:</p>	<p>Specific objectives:</p> <ul style="list-style-type: none"> •
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<p>Overall Management Structure of the Implementing Partner:</p>	
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<p>Members of the Board of Trustees :</p>	<p>1.</p>
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<p>Key Management Team:</p>	<table border="1"> <thead> <tr> <th></th> <th></th> <th></th> </tr> </thead> <tbody> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td></tr> </tbody> </table>																														

Background Information on the Project Implementation Partner	
Bankers:	
External Auditors:	

Statement of the Directors' Responsibilities

The Board of Directors are required to prepare financial statements for each reporting period which give a true and fair view of the state of thestate of affairs; and the results of its operations for the period then ended.

In preparing those financial statements, the Directors' are required to:

- Select suitable accounting policies and then apply them consistently;
- Prepare estimates that are reasonable and prudent; and
- Prepare the financial statements that comply with the Donor's reporting requirement, and the Generally Accepted Accounting Practices (GAAPs).

The Directors' are responsible for ensuring that proper accounting records are kept which discharge, with reasonable accuracy, the financial position and performance of the Programme. The Directors are also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors accepts responsibility for the financial statements for the six months ended 31st August, 2017; Summary of Significant Accounting Policies; and Explanatory Notes and Annexes; which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the GAAPs.

The Directors further accepts responsibility for the maintenance of accounting records that may be relied upon in preparation of the financial statements; as well as adequate systems of internal controls.

The Directors is of the opinion that the Financial Statements for the six months ended 31st August, 2017 give a true and fair view of the state of affairs and operational results of the

Nothing has come to the attention of the Directors to indicate that ...will not continue its operations during the remaining duration of the three year ...which commenced on 1st March, 2017.

These management responsibility statements were certified by the Board of Directors on.....
and signed on its behalf by:

..... Chairperson of the board of Directors Director Project Team Leader
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Departments (Summary of the Programme Activities)

Report of the Independent Auditors to the Directors of...

Opinion

We have audited the accompanying Financial Statements of...; for the six months ended 31st August, 2017; which comprise of the Statement of Receipts and Payments and a summary of significant accounting policies, explanatory notes and supporting schedules.

In our opinion, the Financial Statements give a true and fair view of the receipts from the Donors of ... as well as expenses paid during the six months ended 31st August, 2017. The Financial Statements and fund balance have been presented in accordance with the cash receipt and payment basis as described in the Project Contract; and in material respects complies with the Funding Agreement, Generally Accepted Accounting Principles (GAAP), and the Companies Act 2012.

Basis for opinion

We conducted our audit in accordance with international standards on Auditing. Our responsibility under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the organization ... in accordance with the ethical requirements that are relevant to our audit of the financial statements in Uganda as required by the Institute of Certified Public Accountants of Uganda (ICPAU), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter.

Key audit matters are those matters that in our professional judgment, were most significant in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. There was no key audit matter arising from the audit.

The Board of Directors and Management's Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required of us, we report to you based on our audit, that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
2. In our opinion, proper books of account have been kept by the Organization so far as appears from our examination of those books; and

3. The Organization's statement of receipts and payments is in agreement with the books of account.

The engagement partner on the audit resulting in this independent auditor's report is CPA ...

Date September, 2017

Part 1 - Financial Statements

1.1: Receipts and Payments Account for the Six Months: (1st March, 2017 – 31st August, 2017)

	Note	Actual Mar' 17 - Aug'17 6 months U Shs	Previous Period(s) 6 months U Shs	Cumulative Actual Mar' 17 - Aug'17 6 months U Shs
Receipts:				
Cash and Bank Balances b/f		-	-	-
KZE/MISEREOR Remittances:	1.4.4	75,070,000	-	75,070,000
Local Contributions		23,229,000	-	23,229,000
Total Receipts/Funds Available		98,299,000	-	98,299,000
Payments:				
I. Non-recurrent expenditure				
1. Laptop		2,150,000	-	2,150,000
2. Projector		1,770,000	-	1,770,000
3. Camera		700,000	-	700,000
Subtotal of Pos. I.		4,620,000	-	4,620,000
II. Staff costs				
1. Project Coordinator		12,000,000	-	12,000,000
2. Chief Trainer		12,000,000	-	12,000,000
3. Driver (part-time)		2,250,000	-	2,250,000
4. Security Guard		2,310,000	-	2,310,000
5. Accountant (part-time)		3,600,000	-	3,600,000
6. Secretary (part-time)		2,400,000	-	2,400,000
7. Trainer		9,000,000	-	9,000,000
8. Contribution to staff health insurance		3,800,000	-	3,800,000
9. External facilitators		5,600,000	-	5,600,000
10. Staff training		8,275,000	-	8,275,000
11. External consultations		5,000,000	-	5,000,000
Subtotal of Pos. II.		66,235,000	-	66,235,000
III. Project Activities				
1. Food and Accommodation		1,320,000	-	1,320,000
2. Training materials		439,000	-	439,000
3. Printing and distributing of flyers		427,750	-	427,750
4. Training courses		9,645,000	-	9,645,000
5. Follow-up visits		542,000	-	542,000
6. Supervisions		-	-	-
7. Revision		-	-	-
8. Alumni Assembly		-	-	-
9. Planning workshop for next project phase		-	-	-
Subtotal of Pos. III.		12,373,750	-	12,373,750
IV. Project Administration				
1. Vehicle operating and maintenance		3,899,300	-	3,899,300
2. Postal and telecommunication expenses		820,900	-	820,900
3. Energy and water		793,700	-	793,700
4. Bank charges		339,108	-	339,108
5. Audit		770,000	-	770,000
6. Consumables for operation		600,000	-	600,000
Subtotal of Pos. IV.		7,223,008	-	7,223,008

1.1: Receipts and Payments Account for the Six Months: (1st March, 2017 – 31st August, 2017) - Continued

	Note	Actual Mar' 17 - Aug'17 6 months U Shs	Previous Cumulative Period(s) 6 months U Shs	Actual Mar' 17 - Aug'17 6 months U Shs
V. Evaluation				
End term evaluation		-	-	-
VI. Reserves				
Reserves		230,000	-	230,000
Total Expenditure		90,681,758	-	90,681,758
Surplus/ deficit		7,617,242	-	7,617,242
Represented by:				
Cash Balances c/f	1.4.5	2,736,045		2,736,045
Bank Balances c/f	1.4.5	4,881,197		4,881,197
Cash and Bank Balances c/f		7,617,242	-	7,617,242

These Financial Statements were approved by the Board of Directors on 2017;
and were signed on its behalf by:

..... Chairperson of the board Director Project Team Leader
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1.2 Statement of Budget Balances as at 31st August, 2017

	Note	Budget	Budget	Actual to Date	Balance on Budget	% Spent
		Original	Original	Mar '17 - Aug '17	As of 31 Aug '17	
		Mar '17 - Feb '20 36 Months a €	Mar '17 - Feb '20 36 Months b U Shs	6 Months c U Shs	6 Months d = (b-c) U Shs	
Receipts:						
Cash and Bank Balances b/f		-	-	-		
KZE/MISEREOR Remittances:	1.4.4	103,000	396,697,290	75,070,000	321,627,290	19%
Local Contributions (20%)			99,174,323	23,229,000	75,945,323	23%
Total Receipts/Funds Available		103,000	495,871,613	98,299,000	397,572,613	20%
Payments:						
I. Non-recurrent expenditure						
1. Laptop		500	1,925,715	2,150,000	(224,285)	112%
2. Projector		600	2,310,858	1,770,000	540,858	77%
3. Camera		100	385,143	700,000	(314,857)	182%
Subtotal of Pos. I.		1,200	4,621,716	4,620,000	1,716	100%
II. Staff costs						
1. Project Coordinator		18,700	72,021,741	12,000,000	60,021,741	17%
2. Chief Trainer		18,700	72,021,741	12,000,000	60,021,741	17%
3. Driver (part-time)		3,500	13,480,005	2,250,000	11,230,005	17%
4. Security Guard		3,600	13,865,148	2,310,000	11,555,148	17%
5. Accountant (part-time)		5,600	21,568,008	3,600,000	17,968,008	17%
6. Secretary (part-time)		3,700	14,250,291	2,400,000	11,850,291	17%
7. Trainer		14,000	53,920,020	9,000,000	44,920,020	17%
8. Contribution to staff health insurance		3,000	11,554,290	3,800,000	7,754,290	33%
9. External facilitators		6,900	26,574,867	5,600,000	20,974,867	21%
10. Staff training		4,300	16,561,149	8,275,000	8,286,149	50%
11. External consultations		7,800	30,041,154	5,000,000	25,041,154	17%
Subtotal of Pos. II.		89,800	345,858,414	66,235,000	279,623,414	19%
III. Project Activities						
1. Food and Accommodation		1,900	7,317,717	1,320,000	5,997,717	18%
2. Training materials		1,700	6,547,431	439,000	6,108,431	7%
3. Printing and distributing of flyers		1,400	5,392,002	427,750	4,964,252	8%
4. Training courses		7,900	30,426,297	9,645,000	20,781,297	32%
5. Follow-up visits		2,800	10,784,004	542,000	10,242,004	5%
6. Supervisions		4,700	18,101,721	-	18,101,721	0%
7. Revision		1,400	5,392,002	-	5,392,002	0%
8. Alumni Assembly		800	3,081,144	-	3,081,144	0%
9. Planning workshop for next project phase		600	2,310,858	-	2,310,858	0%
Subtotal of Pos. III.		23,200	89,353,176	12,373,750	76,979,426	14%
IV. Project Administration						
1. Vehicle operating and maintenance		8,500	32,737,155	3,899,300	28,837,855	12%
2. Postal and telecommunication expenses		2,800	10,784,004	820,900	9,963,104	8%
3. Energy and water		1,900	7,317,717	793,700	6,524,017	11%
4. Bank charges		300	1,155,429	339,108	816,321	29%
5. Audit		1,200	4,621,716	770,000	3,851,716	17%
6. Consumables for operation		900	3,466,287	600,000	2,866,287	17%
Subtotal of Pos. IV.		15,600	60,082,308	7,223,008	52,859,300	12%
V. Evaluation						
End term evaluation		1,500	5,777,145	-	5,777,145	0%
Reserve		6,700	25,804,581	230,000	25,574,581	1%
Total		138,000	531,497,340	90,681,758	440,815,582	

These Financial Statements were approved by the Board of Directors on2017; and were signed on its behalf by:

.....
Chairperson of the Board

.....
Director

.....
Project Team Leader

1.3 Notes to the Financial Statements for the Six Months: (1st March, 2017 – 31st August, 2017)

1.3.1 Accounting Entity

St Francis Family Helper Programme is an NGO registered under the Non Governmental Organization Registration Statute of 1989 and was issued Certificate of Registration ..on the 8th April, 2015. The certificate is valid for 60 months from 20th May, 2015. The financial statements present the income and expenditure relating to the ...for the period of six months ended 31st August, 2017.

1.3.2 Reporting

The funding arrangements with the donor require the financial statements of the Programme to be prepared and audited every six months. The period under review covers the six months ended 31st August, 2017 (01/03/2017 to 31/08/2017).

1.3.3 Accounting Policies

a) Basis of Accounting

The financial statements are prepared on a cash basis. The cash basis of accounting requires that income and expenditure are recognized when received and paid respectively.

b) Donor Income

Donor income is recognized on receipt.

c) Foreign Currency Translation

Foreign currency transactions are translated into Uganda Shilling at the rates ruling on the date of the transactions.

d) Capital Expenditure

This is expensed i.e. charged against income received during the period.

1.3.4 Remittances from KZE/MISEREOR

Date	Amount	Exchange rate	Amount	Cumulative Remittances to Date
	€		U Shs	U Shs
9th May, 2017	8,000	3,870	30,960,000	30,960,000
14th July, 2017	11,000	4,010	44,110,000	75,070,000
			-	75,070,000
	<u>19,000</u>		<u>75,070,000</u>	

Notes to the Financial Statements for the Six Months: (1st March, 2017 – 31st August, 2017) Continued

1.3.5 Cash and Bank Balances

	31/08/2017
	U Shs
Cash on Hand	2,736,045
Bank Balance	4,881,197
TOTAL	<u><u>7,617,242</u></u>

1.3.6 Translation of Grants from € to U Shs

The expected grant over the 36 months; is €103,000; and has been translated at €1.00 ≈ UGX 3,851.43 (extracted from grant contract).

1.3.7 Contingent Liabilities

There were no contingent liabilities as at the end of the six months; that is 31st August, 2017.

1.3.8 Taxation

There is no provision for taxation in these financial statements as the reporting entity's income is entirely composed of donor funds and therefore not subject to tax under the tax laws of Uganda.

Part 2 – Audit Approach and Assessment of Compliance with the Funding Agreements, Applicable Laws and Other Internal Controls

2.1 Audit Approach

2.1.1 Entrance meeting

We held an entrance meeting with key staff of ...Project on 14th of September, 2017, the meeting was attended by key management staff of the Programme including the Misereor Project Coordinator Ms ... and the Accountant of ,, Among others, the following issues were discussed/ agreed:

- Introduction of staff to the auditors;
- Respective duties and responsibilities of Management and the External Auditors;
- The checklist of records required for the audit and completion of the assignment;
- Areas where special emphasis should be put;
- The timing of the auditors' field visits to physically verify project interventions, if necessary; and
- Time table for completion of the audit and reporting.

2.1.2 Audit objectives and scope of work

a) Audit Objectives

The purpose of the auditing contract was to furnish KZE or MISEREOR with objective proof of proper and correct use of the funds made available to the project, based on our examination of all project books, accounts, financial statements and related records/documents.

b) Scope and tasks

In general the tests performed included:

- Examination of all receipts of funds during the six months under review and closing cash and bank balances;
- Examination of a sample of payment vouchers for authorization, approval, completeness, classification, accuracy and validity of the transactions;
- Review of personnel files and other records for conformity with the statutory regulations on employment and tax laws;
- Review of the financial statements for consistency and conformity with the accounting policies; and disclosure requirements of the donor; and compliance with the Generally Acceptable Accounting Practices (GAAP).
- Review of the Budget performance to ascertain compliance with the funding arrangements of KZE/MISEREOR and also determine the balance to be carried forward to the next phase of the project;
- Verification of the fund balance as at 31st August, 2017 by review of the bank statements and cash in hand by confirming the amount from the cash book, the amount disclosed in the financial statements and the certificate of cash count as at the end of the period;
- Verification of all the immovable items of value above EUR 500.00 if any purchased out of KZE/MISEREOR funds;

- Review of records to ensure that sales and building contracts if any, of value exceeding EUR 500.00 were carried out through tendering, so as to determine whether the project received Value for Money (VFM), and included in the audit report reasons given by management for not tendering;
- Review of records to determine whether or not reserves had been created from KZE/MISEREOR funds and if so whether KZE/MISEREOR consented to it.
- Physical verification of project activities to ascertain whether the expenditure spent under each department were spent for the planned purpose.

2.1.3 Location of the Audit

The financial audit of the ... carried out at the ... Offices in Mbarara situated within the premises of the
....

2.1.4 Exit meeting

We held an exit meeting on 14th September, 2017 in which we discussed our findings with staff concerned on a case by case basis.

2.1.5 Control Weaknesses and Issues of Compliance with the Funding Agreement, Applicable Laws and Regulations

There were no reportable control weakness identified during the audit, we gave support where weaknesses were detected and consider the issues resolved.

Issues for follow up from Previous audit:

- This is the first audit of the Project and therefore there are no subsequent audits of the financial statements of the project.

Issues for follow up during subsequent audit:

- There are no unresolved issues from the current audit that we need to follow up during subsequent audits of the financial statements of the project.